



Interim Report **2004** 中期報告



Venturepharm

Venturepharm Laboratories Limited
萬全科技藥業有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

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香港聯合交易所有限公司(「聯交所」) 創業板(「創業板」)之特色

創業板乃為帶有高投資風險的公司提供一個上市的市場。尤其在創業板上市的公司毋須有過往溢利紀錄，亦毋須預測未來溢利。此外，在創業板上市的公司可因其新興性質及該等公司經營業務的行業或國家而帶有風險。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。創業板的較高風險及其他特色表示創業板較適合專業及其他老練投資者。

由於創業板上市公司新興的性質所然，在創業板買賣的證券可能會較於主板買賣之證券承受較大的市場波動風險，同時無法保證在創業板買賣的證券會有高流通量的市場。

創業板所發佈的資料的主要方法為在聯交所為創業板而設的互聯網網頁刊登。上市公司一般毋須在憲報指定報章刊登付款公佈發佈資料。因此，有意投資的人士應注意彼等須閱覽創業板網頁，以便取得創業板上市發行人的最新資料。

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本報告乃遵照香港聯合交易所有限公司創業板證券上市規則的規定提供有關萬全科技藥業有限公司(「本公司」)的資料。本公司各董事對本報告共同及個別承擔全部責任。本公司各董事並在作出一切合理諮詢後確認，就彼等所知及確信：(1)本報告所載的資料在各重大方面均屬真實及完整，且無誤導成份；(2)並無遺漏任何其他事項，致使本報告所載的任何內容有所誤導；及(3)本報告表達的意見已經審慎周詳考慮並按公平合理的基準及假設為基礎。

The Directors are pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2004, together with the comparative figures.

FINANCIAL HIGHLIGHTS

1. Entered into 17 technology transfer and services contracts of approximately RMB16,510,000, and accumulated unexecuted contract value amounted to approximately RMB104,100,000 as at 30 June 2004.

2. Achieved a turnover of approximately RMB12,567,000, representing an 13% increase as compared with the turnover for the corresponding period in 2003.

Recorded operating profit of approximately RMB451,000 from sales of drug products launched under the Group's brand.

3. Accomplished a net profit of approximately RMB4,378,000, up 4% compared with that for the same period last year.

4. Basic earning per share amounted to RMB1.22 cents for the six months ended 30 June 2004.

5. The Directors don't recommend payment of any interim dividend for the six months ended 30 June 2004.

董事會欣然公佈本公司及其附屬公司(「本集團」)截至二零零四年六月三十日止六個月之未經審核中期報告連同比較數字。

財務摘要

1. 截至二零零四年六月三十日，本集團訂立17份金額約達人民幣16,510,000元之技術轉讓及服務合同，累計尚未履行之合同金額約人民幣104,100,000元。

2. 本集團錄得營業額約人民幣12,567,000元，較二零零三年同期之營業額增加13%。

銷售以本集團品牌推出之藥物錄得約人民幣451,000元經營溢利。

3. 本集團錄得純利約人民幣4,378,000元，較去年同期增長4%。

4. 截至二零零四年六月三十日止六個月之每股基本盈利約為人民幣1.22仙。

5. 董事不建議派發截至二零零四年六月三十日止六個月之中期股息。

FINANCIAL REVIEW

For the six months ended 30 June 2004, the Group achieved a turnover of approximately RMB12,567,000, which represented a moderate increase of 13 per cent as compared with RMB11,083,000 for the corresponding period in 2003. This was due to strategies adopted by the Group: (1) transfer technologies of its R&D projects on a later stage for maximizing profit; (2) retain self-developed drugs with market and profit potential for own commercialization to seek long term business success.

During the six months, the Group recorded a substantial increase of 92.6 percent in pharmaceutical service income and a decline of 50 percent in technology transfer. This was attributable to: (1) the Group is evolving from a R&D company to a fully integrated pharmaceutical company; (2) some major technology purchasers temporarily postponed their payments in the second quarter because they should invest in building GMP manufacturing facilities. Approximately 24 per cent of turnover was derived from technology transfer, 49 per cent from pharmaceutical services associated with projects initiated by the Group, 20 per cent from contracted pharmaceutical development and clinical services outsourced by customers, and 7 percent from sales of drug products and import registration services. During the results announcement period a net revenue of RMB451,000 was achieved from the sales of drug products launched under the Group's own brand.

The gross profit margin for technology transfer and pharmaceutical services associated with projects initiated by the Group declined by approximately 3 percent and 14 percent respectively comparing with the same period of 2003, mainly due to increase in clinical cost. Overall gross profit margin was about 57 per cent comparing with 78 percent of the same period in 2003. The attributes were: (1) the proportion of revenue from technology transfer of total turnover declined from 55 percent to 24 percent; (2) the weight of revenue from contracted clinical services outsourced by customers of total turnover increased from 3 percent to 20 percent while the gross profit margin for this category is less than that of technology transfer.

財務回顧

於截至二零零四年六月三十日止六個月，本集團錄得營業額約人民幣12,567,000元，較二零零三年同期之人民幣11,083,000元溫和增長13%。營業額溫和上升乃由於本集團採取下列策略所致：(1)於研發項目之後期階段將技術轉讓盡量提升盈利；(2)保留具市場及盈利潛力之自行開發藥物以商品化發展，謀求長期之業務發展。

於本六個月，本集團藥品服務收入錄得92.6%大幅增長，技術轉讓則下跌50%。此乃由於：(1)本集團正由一家研發公司發展為一家全面整合製藥公司；(2)部份主要技術買家因投資興建符合GMP標準的廠房於第二季暫延付款所致。營業額約24%來自技術轉讓；49%來自有關本集團展開之項目之藥品服務；20%來自自己訂約之藥品開發及客戶外判之臨床服務；及7%源自銷售藥品及進口註冊服務。於報告期內，銷售以本集團品牌推出之藥品錄得人民幣451,000元收益淨額。

技術轉讓及有關本集團展開之項目之藥品服務之毛利率較二零零三年同期分別下跌約3%及14%，主要由於臨床成本上漲所致。整體毛利率約為57%，而二零零三年同期則為78%，毛利率變動之原因為(1)技術轉讓收益佔總營業額之比例由55%下降至24%；(2)客戶外判之已訂約臨床服務之收益佔總營業額之比重由3%升至20%，而此類毛利率較技術轉讓為低。

Total administrative expenses for the six months ended 30 June 2004 were approximately RMB4,145,000, up 6.5 percent as compared with RMB3,892,000 for the corresponding period in 2003. This increase was attributable to the followings: (1) staffing cost increase of approximately RMB254,000, resulted from increase in total staff number and recruitment of more professional staff; (2) post-listing expenses including sponsor's fee etc. of approximately RMB388,000; (3) advertising expenditures of approximately RMB128,000 in order to enhance marketing capacity.

The Group recorded a profit attributable to shareholders of approximately RMB4,378,000 for the six months ended 30 June 2004, representing an increase of 4 percent as compared with that for the same period in 2003.

BUSINESS REVIEW

In the year, the Group is actively transforming its business platform to be one of a full scale, integrated pharmaceutical enterprise, by following the overall strategy to consolidate R&D business, to speed up construction of the production facility, and to build up marketing net work for launching the Group's own products this year.

Research and Development

The Group's portfolio covers all major and high growth therapeutic areas such as diabetes, heart diseases, cancer, AIDS and allergy.

During the period, the State Food and Drug Administration ("SFDA") granted 32 new Clinical Study Permits and 7 new Manufacturing Permits to the Group. Two of the Manufacturing Permits pertain to Naftopidil and Naftopidil Tablets (萘哌地爾原料及片) which rank category A under the current regulation with an extended protection period of 12 years. The Group will receive royalty payment based on the sales of these two products.

The Group initiated 32 new projects in the first half year of 2004 and our product pipeline has now expanded into a total of 325 products. Currently there are another 4 Category-A projects under various development stages.

截至二零零四年六月三十日止六個月之行政開支總額約為人民幣4,145,000元，較二零零三年同期之人民幣3,892,000元增加6.5%。行政開支上升歸因於：(1)員工總數增多及增聘專業人員之緣故，令員工成本攀升約人民幣254,000元；(2)上市後須支付保薦人費用等支出約人民幣388,000元；(3)為提升市場推廣能力支出約人民幣128,000元廣告開支。

截至二零零四年六月三十日止六個月，本集團錄得股東應佔溢利約人民幣4,378,000元，相對二零零三年同期增幅為4%。

業務回顧

於年內，本集團積極依據策略鞏固研發業務、加快建造生產廠房及盡更大努力建立市場網絡，籌備於本年推出多項自家產品，將本身之業務平台轉型為一家全面綜合之醫藥企業。

研究及開發

本集團之研發工作覆蓋所有主要及高增長之治療範圍，例如糖尿病、心臟病、癌症、愛滋病及過敏症。

於本期內，本集團已獲國家食品藥品監督管理局(「食品藥品監督局」)批出32張新臨床研究許可證及7張生產許可證。其中2張生產許可證屬於按現行規例歸類為A類之萘哌地爾原料及片，保護期為12年。本集團將按此兩種產品之銷售額收取特許權費用。

本集團於二零零四年上半年展開32個新項目，產品供應線已擴展至合共325種產品。目前有另外4個A類項目處於不同開發階段。

Management Discussion and Analysis (continued)

管理層討論及分析(續)

Sales and Marketing

During the six months ended 30 June 2004, the Group successfully signed 9 technology transfer contracts with total value of approximately RMB8,800,000, and entered into 8 clinical research contracts amounting to total value of approximately RMB7,710,000. The significant increase in clinical research services was the result of expansion in CRO services.

During the results announcement period, the Group continued to invest in building up its marketing capacity and sales network, and launched, under Venturepharm (萬全) brand name, two prescription drug products namely Gliclazide Sustained Release Tablets (格列齊特片) and Metronidazole Sustained Release Tablets (甲硝唑緩釋片) into domestic markets.

The Group explored the sales of chemical intermediates both in domestic and overseas markets in the reporting period.

Several services contracts were signed with foreign companies pertaining to drug and medical device registration services.

Strategic alliance

In June a senior delegation from Johnson & Johnson visited the Group's Beijing office. The meeting paved the way of potential partnership between its China based subsidiary — Xian-Janssen (西安楊森) (a leading pharmaceutical enterprise in China) and the Group.

Patents

The Group always places great emphasis on the protection of intellectual property rights. The Group had submitted 37 patent applications since its inception to 30 June 2004.

PROSPECTS

In the reporting period, the Group has made solid progresses in establishing its capacities and improving performance in production, marketing/sales, and pharmaceutical services sectors.

銷售及市場推廣

於截至二零零四年六月三十日止六個月期間，本集團成功簽訂9份技術轉讓合約，總值達約人民幣8,800,000元，並訂立8份總值約為人民幣7,710,000元之臨床研究合同。臨床研究服務大幅飆升乃擴張CRO服務之成果。

於報告期內，本集團不斷在增強市場推廣能力及拓展市場網絡方面作出投資，並以萬全品牌在本地市場推出兩種處方藥品格列齊特片及甲硝唑緩釋片。

本集團於報告期間亦致力開發本土及海外市場之銷售化學藥品中間體。

本公司與外國公司簽訂多份有關藥物及醫療設備註冊服務之服務合同。

策略性聯盟

於六月，Johnson & Johnson高級代表團到訪本集團北京辦事處。是次會面為該公司設於中國之附屬公司西安楊森(中國一家主要製藥企業)與本集團可能合作作好準備。

專利

本集團一向注重保護知識產權。本公司由成立至二零零四年六月三十日止共提交37份專利申請。

展望

於報告期間，本集團在生產、市場推廣／銷售及藥品服務之鞏固能力及提升表現方面取得良好進展。

The Group continued its last quarter's GMP manufacturing facility construction and improved its joint ventures API production bases in Shanxi and Zhejiang Province. In the second quarter, part of the production facilities has begun to operate. Operation of these bases has demonstrated promising prospect in API production and trading, extending the Group's capacity in commercializing its own products.

The Group has successfully established its nationwide prescription drug marketing/sales network. The profit earning potential and market performance will continue to grow with introduction of new prescription products in several therapeutic fields into the domestic market. Substantial revenue is expected to materialize in remaining periods of 2004.

Since the beginning of 2004, clinical research services sector shows rapid growth in domestic market. Adopting an expansion strategy in the second quarter, the Group's CRO services has actively broadened its client bases and improved its service level. Its CRO business unit has enjoyed a business growth and experienced a significant profit earning, especially when compared to its previous quarter and last year's performance.

The Group's Technical Marketing Team utilizes various channels to explore new customers in need of technical services in products development.

The Group will continue to capitalize on various resources to maintain its leading position in new drugs R&D and pharmaceutical development services in China. The Group expects a business growth and improved profit earning performance in the remaining periods of 2004.

DIVIDEND

The Directors don't recommend payment of any interim dividend for the six months ended 30 June 2004

SIGNIFICANT INVESTMENTS

As at 30 June 2004, the Company held two investment-grade fixed income bonds of approximately RMB26,000,000, no change from that as at 31 December 2003.

19% of shares in Hainan Pioneer Pharmaceutical Co., Ltd., (海南先鋒製藥有限公司) were acquired in January 2004. It mainly engages in sales and manufacturing of chemical drug and formulation.

本集團上季度符合GMP規定之生產廠房建造工程仍然繼續進行，並改進其位於陝西省及浙江省之合營企業有效藥劑成份產品廠房。於第二季，部份生產設備已開始運作。此等廠房展示生產及買賣有效藥劑成分產品前景秀麗，有助本集團增強產品商品化之能力。

本集團成功在全國建立其處方藥物之市場推廣／銷售網絡。隨著本集團在本土市場新推出多類療效之處方產品，盈利潛力及市場表現將不斷提升。預期二零零四年餘下時間會錄得理想收益。

自二零零四年初起，臨床研究服務業務在本土市場迅速發展。本集團於第二季採取拓展策略，其CRO服務積極擴闊客戶基礎提高服務水平。本集團之CRO部門已取得業務增長，並錄得可觀盈利，表現較上季度及往年有顯著進步。

本集團專業市場推廣隊伍透過不同渠道招徠在產品開發方面需要技術服務之新顧客。

本集團將繼續利用各種資源維持其於中國新藥研發及藥物開發服務市場之領導地位。本集團預期二零零四年餘下期間業務發展理想，盈利能力亦會提升。

股息

董事不建議派發截至二零零四年六月三十日止六個月之中期股息。

重大投資

截至二零零四年六月三十日，本公司與二零零三年十二月三十一日一樣仍持有兩種價值約人民幣26,000,000元之投資級定額收入債券。

於二零零四年一月，本公司購入海南先鋒製藥有限公司之19%股份。該公司主要從事銷售及製造化學藥物及制劑。

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY AND ASSOCIATED COMPANIES

A 51 % owned subsidiary, Hanzhong Venturepharm Pharm-Chemical Company Ltd., (漢中萬全醫藥化工有限公司) was established in January 2004, with the Company investing approximately RMB2,533,000. It mainly engages in sales and manufacturing of Active Pharmaceutical Ingredients (“API”) products.

An associate, Zhejiang Dankong Venturepharm Co. Ltd., (浙江東港萬全醫藥化工有限公司) was incorporated in January 2004, with the Company investing approximately RMB2,235,000 in exchange of 45% shareholdings. It engages in sales and manufacturing of API products, mainly anti-aids products.

Save as above, the group didn't have any material acquisitions or disposals of subsidiaries and associated companies during the period ended 30 June 2004.

CONTINGENT LIABILITIES

As at 30 June 2004 and 31 December 2003, the Group did not have any contingent liabilities.

CHARGE ON ASSETS

As at 30 June 2004 and 31 December 2003, the Group did not have any charge on its assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Other than those disclosed in the Company's prospectus dated 30 June 2003, the Group does not have any other plans for material investments or capital assets.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations and investing activities with internally generated resources and net proceeds from the placement of shares in July 2003 by the Company. The Group intends to apply these proceeds in the manner disclosed in the Prospectus of the Company dated 30 June 2003.

As at 30 June 2004, the Group had a cash and cash equivalent position of approximately RMB12,326,000. During the period, the Group recorded net cash outflow of approximately RMB5,705,000 from operating activities. The reasons were: (1) further investment of over RMB1,000,000 in around thirty projects which are retained for the Group's own commercialization; (2) two major customers delayed their milestone payments of approximately RMB3,887,000. However, part of the outstanding receivables was settled after 30 June 2004.

重大收購及出售附屬公司及聯營公司

本公司擁有51%權益之附屬公司漢中萬全醫藥化工有限公司於二零零四年一月成立，本公司在當中投資約人民幣2,533,000元。該公司主要從事銷售及製造有效藥劑成分產品。

聯營公司浙江東港萬全醫藥化工有限公司於二零零四年一月註冊成立，本公司在當中投資約人民幣2,235,000元以取得45%股權。該公司從事銷售及製造有效藥劑成分產品(主要為抗愛滋病產品)。

除上述者外，本集團於截至二零零四年六月三十日止期間並無進行任何重大收購或出售附屬公司及聯營公司。

或然負債

於二零零四年六月三十日及二零零三年十二月三十一日，本集團並無任何或然負債。

資產抵押

於二零零四年六月三十日及二零零三年十二月三十一日，本集團並無抵押其任何資產。

重大投資或資本資產之未來計劃

除本公司二零零三年六月三十日之售股章程披露外，本集團並無任何其他重大投資或資產資產計劃。

流動資金及財務資源

本集團以其內部產生之資源及本公司二零零三年七月進行之股份配售所得款項淨額，為其業務及投資活動提供資金。本集團擬按本公司二零零三年六月三十日之售股章程所載方式運用該筆所得款項。

於二零零四年六月三十日，本集團有現金及現金等價物約人民幣12,326,000元。於本期間，本集團經營業務錄得現金流出淨額約人民幣5,705,000元，理由為：(1)為保留作本集團商品化之約30個項目進一步投資逾人民幣1,000,000元；(2)兩名主要客戶延遲支付分期付款項約人民幣3,887,000元。然而，部份未清償之應收款項已於二零零四年六月三十日後支付。

The Group hadn't drawn down a loan facility of equivalent RMB24,830,000 offered by a commercial bank during the period under review, and the gearing ratio as measured by bank and other borrowings over total assets was zero (2003: zero).

FOREIGN EXCHANGE EXPOSURE

The Group operates mainly in the PRC market. During the period under review, the Group's transactions were substantially denominated in Renminbi ("RMB") and about 4 percent of the cash and bank deposits and whole security investments were in either Hong Kong or United States dollars. Since RMB is pegged to both the Hong Kong and United State dollars, the Board considers that the potential foreign exchange exposure of the Group is limited. The Group closely monitors its foreign currency exposure regularly.

EMPLOYEES

As at 30 June 2004, the Group had a total of 195 employees, as compared to 184 employees as at 31 December 2003. The Group's employment and remuneration policies remained unchanged with those described in the Prospectus of the Company. In addition to salaries and bonuses, employee benefits included medical and pension contributions and share options schemes.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company or any of its subsidiaries didn't purchase, sell or redeem any of the Company's listed shares during the six months ended 30 June 2004.

DIRECTORS' INTEREST IN SECURITIES

As at 30 June 2004, the interests and short positions of the directors, chief executives of the Group and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provision of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to rules 5.41 to 5.49 of the GEM Listing Rules were as follows:

本集團於回顧期內並無提取一家商業銀行給予之約人民幣24,830,000元信貸額；而以銀行及其他借貸除資產總值計算之負債比率為零(二零零三年：零)。

外匯風險

本集團主要在中國市場經營業務。於回顧期內，本集團絕大部份交易以人民幣計值，而約4%之現金及銀行存款及全部證券投資均以港元或美元列值。由於人民幣同時與港元及美元掛鈎，董事會認為本集團面對之潛在外匯風險有限。本集團定期密切監察其外幣風險。

僱員資料

於二零零四年六月三十日，本集團共聘用195名僱員，而於二零零三年十二月三十一日則為184名。本集團之聘用薪酬政策仍如本公司售股章程所載維持不變。除薪金及花紅外，僱員福利亦包括醫療及退休供款以及購股權計劃。

購買、出售或贖回本公司股份

本公司或其任何附屬公司於截至二零零四年六月三十日止六個月並無購買、出售或贖回本公司任何上市股份。

董事之證券權益

於二零零四年六月三十日，本集團之董事及主要行政人員於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份或債券中擁有(a)須根據證券及期貨條例第XV部第7及第8分部知會本公司及聯交所之權益及淡倉(包括彼等根據證券及期貨條例該等條文被當作或視為擁有之權益及淡倉)；或(b)根據證券及期貨條例第352條，須列入該條所述登記冊之權益及淡倉；或(c)根據創業板上市規則第5.41條至5.49條所述之權益及淡倉如下：

Management Discussion and Analysis (continued)

管理層討論及分析(續)

LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

於本公司股份及相關股份之好倉

(1) The Company

(1) 本公司

Name 姓名	Type of Interest 權益類別	Capacity 身份	Number of shares in which interested (other than under equity derivatives) 持有權益之股份數目(股本衍生工具除外)	Number of shares in which interested under physically settled equity derivatives 根據實物結算股本衍生工具持有權益之股份數目 (Note 3) (附註3)	Total number of shares 股份總數	Approximate percentage of interest 權益概約 百分比
William Xia GUO 郭夏	Personal 個人	Beneficial owner 實益擁有人	9,110,377	7,200,000	16,310,377	4.53
William Xia GUO 郭夏	Corporate 公司	Interest of a controlled Corporation (Note 1) 受控制法團的權益(附註1)	149,432,583	–	149,432,583	41.51
William Xia GUO 郭夏	Corporate 公司	Interest of controlled corporation (Note 2) 受控制法團的權益(附註2)	15,966,073	–	15,966,073	4.44
Uri Tak Kau LAW 羅德球	Personal 個人	Beneficial owner 實益擁有人	39,081	1,800,000	1,839,081	0.51
Uri Tak Kau LAW 羅德球	Corporate 公司	Interest of a controlled Corporation (Note 1) 受控制法團的權益(附註1)	149,432,583	–	149,432,583	41.51
Uri Tak Kau LAW 羅德球	Corporate 公司	Interest of controlled corporation (Note 2) 受控制法團的權益(附註2)	15,966,073	–	15,966,073	4.44
Marie Xue mei SONG 宋雪梅	Corporate 公司	Interest of a controlled Corporation (Note 1) 受控制法團的權益(附註1)	149,432,583	–	149,432,583	41.51
Marie Xue mei SONG 宋雪梅	Corporate 公司	Interest of controlled corporation (Note 2) 受控制法團的權益(附註2)	15,966,073	–	15,966,073	4.44
David GAO Xuesong 高雪松	Corporate 公司	Interest of a controlled Corporation (Note 1) 受控制法團的權益(附註1)	149,432,583	–	149,432,583	41.51
David GAO Xuesong 高雪松	Corporate 公司	Interest of controlled corporation (Note 2) 受控制法團的權益(附註2)	15,966,073	–	15,966,073	4.44
Derek LEE	Corporate 公司	Interest of a controlled Corporation (Note 1) 受控制法團的權益(附註1)	149,432,583	–	149,432,583	41.51
Derek LEE	Corporate 公司	Interest of controlled corporation (Note 2) 受控制法團的權益(附註2)	15,966,073	–	15,966,073	4.44
Philip Pak Yiu YUEN 阮北耀	Personal 個人	Beneficial owner 實益擁有人	4,128,573	–	4,128,573	1.15

Note 1: The controlled corporation, Venturepharm Holdings Inc. is 47.63 per cent directly held by Mr. Guo Xia, 10.26 per cent directly held by Dr. Uri Law Tak Kau, 0.02 per cent directly held by Dr. Song Xue-mei, 0.55 per cent directly held by Dr. David Gao Xuesong, 3.41 per cent directly held by Dr. Lee Derek and 34.68 per cent held by Mr. Guo Xia through Winsland Agents Limited, his wholly and beneficially owned company incorporated in British Virgin Islands.

附註1：受控制法團Venturepharm Holdings Inc. 由郭夏先生直接持有47.63%股權、羅德球博士直接持有10.26%股權、宋雪梅博士直接持有0.02%、高雪松博士直接持有0.55%、Lee Derek博士直接持有3.41%，並由郭夏先生透過Winsland Agents Limited（於英屬處女群島註冊成立，由郭先生全資實益擁有）持有34.68%股權。

Note 2: The controlled corporation, Bright Excel Assets Limited, is 100 per cent beneficially owned by Venturepharm Holdings Inc.

附註2：受控制法團Bright Excel Assets Limited 由Venturepharm Holdings Inc.擁有全部股權。

Note 3: Various interests of the directors and chief executives pursuant to physically settled equity derivatives are through share options granted under the Pre-IPO share option scheme. Details of which are set forth as follows:

附註3：董事及主要行政人員於實物結算股本衍生工具項下之多項權益為透過根據首次公開售股前購股權計劃所授出之購股權持有。詳情載列如下：

Name 姓名	Number of shares in which interested under physically settled equity derivatives as at 20 June 2003 and 30 June 2004 於二零零三年六月二十日 及二零零四年六月三十日 根據實物結算股本衍生工具 持有權益之股份數目		Date of Grant 授出日期	Exercise Price 行使價
	William Xia GUO 郭夏	7,200,000		20 June 2003 二零零三年六月二十日
Uri Tak Kau LAW 羅德球	1,800,000		20 June 2003 二零零三年六月二十日	HK\$0.32 0.32港元

Options granted to each of them contain a vesting schedule, pursuant to which may exercise up to 30 per cent of the underlying shares after 31 December 2003, up to another 30 per cent of the underlying shares after 31 December 2004 and the balance after 31 December 2005. These options will expire ten years after the date of grant. Each of the grantees has undertaken to the Stock Exchange that they will not exercise their options granted under the Pre-IPO share option scheme within the first 12 months from the listing date.

授予各人的購股權均附帶歸屬時間，據此，彼等可於二零零三年十二月三十一日後行使不多於相關股份30%的購股權、於二零零四年十二月三十一日後行使不多於相關股份其餘30%的購股權，而餘下的購股權則可於二零零五年十二月三十一日後行使。有關購股權將於授出日期後十年屆滿。各承授人亦已向聯交所承諾，於上市日期起計首12個月內，彼等不會行使彼等根據首次公開發售前購股權計劃獲授的購股權。

Management Discussion and Analysis (continued)

管理層討論及分析(續)

(2) *A subsidiary of the Company – Beijing Dezhong-Venture Pharmaceutical Technology Development Company Limited*

(2) 本公司之附屬公司－北京德眾萬全藥物技術開發有限公司

Name 姓名	Type of Interest 權益類別	Capacity 身份	Capital contribution on a Sino-foreign co-operative joint venture 於一間中外合作合營企業之出資額	Approximate percentage of interest of shareholding in joint venture 於合營企業股權權益的概約百分比
William Xia GUO 郭夏	Corporate 公司	Interest of a controlled Corporation (Note 1) 於一間受控制法團之權益(附註1)	US\$111,000 111,000美元	12.83

Note 1: The interest is held by Beijing Venturepharm Biotech Pharmaceutical Technology Company Limited, a limited liability company incorporated in the PRC, for which 79 per cent of its shareholding is beneficially held by Mr. William Xia GUO. For the remaining 21 per cent shareholding, 20 per cent held by Dr. Uri Tak Kau LAW and 1 per cent held by Dr. Maria Xue-mei SONG. All are executive directors of the company.

附註1：股權由北京萬全生物醫藥科技有限公司持有。該公司為一家於中國註冊成立之有限公司，其79%股權由郭夏先生實益持有。其餘21%股權分別由羅德球博士及宋雪梅博士持有20%及1%。全部均為本公司執行董事。

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Save as disclosed above, as at 30 June 2004, none of the directors and chief executive had any interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the rules 5.41 to 5.49 of the GEM Listing Rules.

除上文所披露者外，於二零零四年六月三十日，董事及主要行政人員概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之任何證券或淡倉中擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之任何權益(包括根據證券及期貨條例之該等條文而被當作或視為擁有之權益或淡倉)，或(b)根據證券及期貨條例第352條須列入該條例所述登記冊之權益，或(c)根據創業板上市規則第5.41條至5.49條之規定之權益。

SUBSTANTIAL SHAREHOLDERS

So far as it is known to any directors, chief executives of the Company, as at 30 June 2004, the interests and short positions of persons in the shares and underlying shares of the Company which would fall to be disclosed pursuant to Division 2 and 3 of Part XV of the SFO or which were required, pursuant to section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Long positions in shares and underlying shares of the Company

Name 名稱	Capacity 身份	Number of Shares 股份數目	Approximate percentage of interest 權益概約百分比
Venturepharm Holdings Inc. (Note 1) (附註1)	Beneficial owner 實益擁有人	149,432,583	41.51
Venturepharm Holdings Inc. (Note 2) (附註2)	Interest of a controlled corporation 於一間受控制法團之權益	15,966,073	4.44
C Tech Fund	Beneficial owner 實益擁有人	80,736,558	22.43
William Xia GUO (Note 1,2 &3) 郭夏(附註1, 2及3)	Beneficial owner and interest of controlled corporations 實益擁有人及於受控制法團之權益	181,709,033	50.48

Note 1: Venturepharm Holdings Inc. is 47.63 per cent. directly held by Mr. Guo Xia and 34.68 per cent. held by Mr. Guo Xia through Winsland Agent Limited, his wholly and beneficially owned company incorporated in the British Virgin Islands.

Note 2: The controlled corporation, Bright Excel Assets Limited, is 100 per cent. beneficially owned by Venturepharm Holdings Inc..

Note 3: Apart from shares held through Venturepharm Holdings Inc., the shares in the number of 16,310,377 are beneficially owned by Mr. William Xia GUO (including 7,200,000 shares underlying the options granted to him under the Pre-IPO Share Option Scheme).

Save as disclosed above, as at 30 June 2004, there was no other persons who recorded in the register of the Company as having interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to section 336 of Part XV of the SFO, to be entered in the register referred to therein.

主要股東

據本公司任何董事及主要行政人員所知，於二零零四年六月三十日，以下人士持有本公司之股份或相關股份中的權益及淡倉而須根據證券及期貨條例第XV部第2及第3分部作出披露，或須根據證券及期貨條例第XV部第336條須列入該條所述登行冊之權益及淡倉：

於本公司股份及相關股份之好倉

附註1：Venturepharm Holdings Inc.由郭夏先生直接持有47.63%股權，以及由郭夏先生透過Winsland Agents Limited（於英屬處女群島註冊成立，並由郭先生全資實益擁有之公司）持有34.68%股權。

附註2：受控制法團Bright Excel Assets Limited全部股權由Venturepharm Holdings Inc.實益擁有。

附註3：除透過Venturepharm Holdings Inc.持有之股份外，郭夏先生實益擁有16,310,377股股份（其中包括根據首次公開售股前購股權計劃授予其之購股權可發行之7,200,000股股份）。

除上文所披露者外，於二零零四年六月三十日，概無記錄於本公司名冊內之其他人士於本公司之股份或相關股份中持有須根據證券及期貨條例第XV部第2及第3分部須予披露之權益或淡倉，或須根據證券及期貨條例第XV部第336條須列入該條所述登記冊之權益及淡倉。

SHARE OPTION SCHEMES

1. Pre-IPO Share Option Scheme

Pursuant to the written resolution passed by the shareholder on 31 March 2003, the Company adopted a share option scheme (the "Pre-IPO Share Option Scheme") in order to recognise and reward the contribution of certain directors, senior management and advisers, the details of which are set out in the paragraph head "Share Option Scheme" in Appendix IV to the Prospectus. As at 20 June 2003, options comprising a total of 11,520,000 underlying shares were granted. As at 30 June 2004, the options outstanding are 11,520,000 and no options granted pursuant to the Pre-IPO Share Option Scheme had been exercised, cancelled or lapsed. Particulars of the outstanding options that had been granted under the Pre-IPO Share Option Scheme as at 30 June 2004 are as follows:

Name of grantees 承授人姓名	Period during which the options remain exercisable after the date of grant 授出日後購股權 之可予行使期限	Exercise price per shares 每股行使價	Number of underlying shares under the option at 20.6.2003 and 30.6.2004 於二零零三年六月二十日及 二零零四年六月三十一日 購股權所涉及之相關股份數目
William Xia GUO (Note 1&2) 郭夏(附註1及2)	10 years 十年	HK\$0.32 0.32港元	7,200,000
Uri Tak Kau LAW (Note 1&2) 羅德球(附註1及2)	10 years 十年	HK\$0.32 0.32港元	1,800,000
1 other participant (Note 1&2) 一名其他參與者(附註1及2)	10 years 十年	HK\$0.32 0.32港元	720,000
1 other participant (Note 3) 一名其他參與者(附註3)	10 years 十年	HK\$0.40 0.40港元	1,800,000
			11,520,000

Note 1: Options granted to each of them contain a vesting schedule, pursuant to which may exercise up to 30 per cent of the underlying shares after 31 December 2003, (subject to Note 2), up to another 30 per cent of the underlying shares after 31 December 2004 and the balance after 31 December 2005.

Note 2: Each of the grantees has undertaken to the Stock Exchange that they will not exercise their options granted under the Pre-IPO Share Options Scheme within the first 12 months from the Listing Date.

購股權計劃

1. 首次公開售股前購股權計劃

本公司根據股東於二零零三年三月三十一日通過之書面決議案採納一購股權計劃(「首次公開售股前購股權計劃」)，以肯定及嘉獎若干董事、高級管理人員及顧問之貢獻，詳情載於售股章程附錄四「購股權計劃」一段。於二零零三年六月二十日，本公司已授出涉及合共11,520,000股相關股份之購股權。於二零零四年六月三十日，11,520,000份購股權尚未行使，且根據首次公開售股前購股權計劃授出之購股權概無獲行使、註銷或失效。於二零零四年六月三十日，根據首次公開售股前購股權計劃已授出但尚未行使之購股權詳情載列如下：

附註1：彼等獲授之購股權均附帶歸屬時間，據此，彼等各自可於二零零三年十二月三十一日後行使不多於相關股份30%的購股權(在附註2之規限下)，於二零零四年十二月三十一日後行使不多於相關股份其餘30%的購股權，而餘下的購股權則可於二零零五年十二月三十一日後行使。

附註2：各承授人已向聯交所承諾，於上市日期起計首12個月內，彼等將不會行使根據首次公開售股前購股權計劃獲授的購股權。

Note 3: Options granted to an advisor contain a vesting schedule, pursuant to which may exercise up to 30 per cent of the underlying shares after 31 December 2002, up to another 30 per cent of the underlying shares after 31 December 2003 and the balance after 31 December 2004. The respective grantee has undertaken to the Stock Exchange that he will not exercise his options granted under the Pre-IPO Share Options Scheme within the first 6 months from the Listing Date.

2. Share Option Scheme

Pursuant to the written resolutions by the shareholders of the Company on 23 May 2003, the Company adopted a share option scheme, the principal terms of which are set out in the paragraph head "Share Option Scheme" in Appendix IV to the Prospectus.

No option had been granted or agreed to be granted by the Company since its adoption.

COMPETING INTERESTS

As at 30 June 2004, none of the Directors or the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business that competes or may compete with the business of the Group.

SPONSOR'S INTEREST

As at 30 June 2004, neither the sponsor of the Company, China Everbright Capital Limited ("China Everbright"), nor its directors, employees or any of their associates (as defined in the GEM Listing Rules), had any interest in any securities of the Company.

Pursuant to the agreement dated 25 June 2003, entered into between the Company and DBS, DBS received, and will receive, fees for acting as the Company's sponsor for the periods of the financial year ended 31 December 2003 and two financial years thereafter. However, the sponsor agreement was mutually agreed to terminate on 11 January 2004. JS Cresvale Capital Limited ("JS Cresvale") was appointed to act as sponsor to the Company with effect from 11 January 2004. Due to its personnel changes, JS Cresvale had ceased to act as the Company's continuing sponsor with effect from 27 May 2004.

附註3：授予一名顧問之購股權附帶歸屬時間，據此，彼可於二零零二年十二月三十一日後行使不多於相關股份30%的購股權，於二零零三年十二月三十一日後行使不多於相關股份其餘30%的購股權，而餘下的購股權則可於二零零四年十二月三十一日後行使。有關承授人已向聯交所承諾，於上市日期後首6個月內，彼等將不會行使根據首次公開售股前購股權計劃獲授之購股權。

2. 購股權計劃

根據本公司股東於二零零三年五月二十三日之書面決議案，本公司採納一項購股權計劃，其主要條款載於售股章程附錄四「購股權計劃」一段。

自採納計劃以來，本公司並無授出或同意授出購股權。

競爭性權益

於二零零四年六月三十日，本公司之董事或管理層股東及彼等各自之聯繫人士(定義見創業板上市規則)概無於任何與本集團業務構成或可能構成業務競爭的業務中擁有權益。

保薦人權益

於二零零四年六月三十日，本公司保薦人中國光大融資有限公司(「中國光大」)、其董事、僱員或彼等各自之任何聯繫人士(定義見創業板上市規則)概無於本公司任何證券中佔有任何權益。

根據本公司與星展於二零零三年六月二十五日訂立之協議，星展將於截至二零零三年十二月三十一日止財政年度及其後兩個財政年度期間擔任本公司之保薦人，並經已及將會就此收取費用。然而，保薦人協議已於二零零四年一月十一日在雙方同意下予以終止。日盛嘉富融資有限公司(「日盛嘉富」)自二零零四年一月十一日起獲委任為本公司保薦人。但由於人事變動，日盛嘉富由二零零四年五月二十七日起不再擔任本公司之保薦人。

Pursuant to the agreement dated 27 May 2004, entered into between the Company and the Sponsor, China Everbright received and will receive a fee for acting as the Company's sponsor for the period commencing from (and including) 27 May 2004 and ending on (and including) 31 December 2005 or the date the Agreement is terminated.

BOARD PRACTICE AND PROCEDURES

Since the listing of the Company, the Company has complied with Board Practices and Procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee in July 2003 with written terms of reference in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and provide advice and comments to the Board. The audit committee has two members comprising the two Independent Non-Executive Directors, Mr. Wu Ming Yu and Mr. Paul Contomichalos. Mr. Wu Ming Yu is the chairman of the audit committee.

The audit committee has reviewed the unaudited interim results for the six months ended 30 June 2004.

根據本公司與保薦人中國光大於二零零四年五月二十七日訂立之協議，中國光大於二零零四年五月二十七日起(包括該日)至二零零五年十二月三十一日(包括該日)或此協議終止日期間擔任本公司之保薦人，並經已及將會就此收取費用。

董事會常規及規程

自本公司上市以來，本公司一直遵守創業板上市規則第5.28至5.39條所載之董事會常規及程序之規定。

審核委員會

本公司於二零零三年七月成立審核委員會，並遵照創業板上市規則第5.23條至5.25條之規定以書面方式訂明其職權範圍。審核委員會之主要職責為審閱及監管本集團之財務申報程序及內部監控制度。審核委員會有兩名成員由兩名獨立非執行董事吳明瑜先生及Paul Contomichalos先生組成。吳明瑜先生為審核委員會主席。

審核委員會已審閱截至二零零四年六月三十日止六個月之未經審核之中期財務業績。

Consolidated Income Statement

綜合收益表

		Unaudited Three months ended 30 June 未經審核截至 六月三十日止三個月		Unaudited Six months ended 30 June 未經審核截至 六月三十日止六個月	
		2004 二零零四年 RMB'000 人民幣千元	2003 二零零三年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元	2003 二零零三年 RMB'000 人民幣千元
	Notes 附註				
Turnover	營業額	3	8,890	9,276	11,083
Cost of sales	銷售成本		(3,390)	(1,815)	(2,289)
Gross profit	毛利		5,500	7,461	8,794
Other operating income	其他經營收入		809	76	129
Administrative expenses	行政開支		(2,342)	(2,651)	(3,892)
Profit before taxation	除稅前溢利	5	3,967	4,886	5,031
Taxation	稅項	6	(340)	(502)	(702)
Profit after taxation before minority interest	除稅後，但未計 少數股東權益前 溢利		3,627	4,384	4,329
Minority interests	少數股東權益		17	(128)	(125)
Profit attributable to shareholders	股東應佔溢利		3,644	4,256	4,204
Earnings per share (RMB)	每股盈利(人民幣)	8			
– basic	– 基本		0.0101	0.0158	0.0156
– diluted	– 攤薄		0.0100	0.0158	0.0156

Consolidated Balance Sheet

綜合資產負債表

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		Notes 附註	Unaudited 30 June 2004 未經審核 二零零四年 六月三十日 RMB'000 人民幣千元	Audited 31 December 2003 經審核 二零零三年 十二月三十一日 RMB'000 人民幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	9	10,136	4,721
Investment in securities	證券投資		26,000	25,906
Investment in associates	於聯營公司之投資	10	2,235	–
Investment in unlisted equity	非上市股本投資	11	6,080	–
Intangible assets	無形資產	12	4,639	–
			49,090	30,627
Current assets	流動資產			
Work-in-progress	在製品		23,861	19,320
Trade receivables	應收貿易賬款	13	5,648	1,634
Other receivables, deposits and prepayments	其他應收款項、按金 及預付款項		8,140	8,094
Amounts due from related companies	應收關連公司款項		2,540	2,651
Bank balances and cash	銀行結餘及現金		12,326	33,153
			52,515	64,852
Current liabilities	流動負債			
Trade and other payables	其他應付款項		2,609	1,543
Receipt in advance	預收款項		2,706	2,208
Tax payable	應付稅項		396	697
			5,711	4,448
Net current assets	流動資產淨值		46,804	60,404
Total assets less current liabilities	總資產減流動負債		95,894	91,031
Minority interests	少數股東權益		3,256	870
Net assets	資產淨值		92,638	90,161
Capital and reserves	股本及儲備			
Share capital	股本		38,160	38,160
Reserves	儲備		54,478	52,001
			92,638	90,161

Condensed Consolidated Cash Flow Statement

簡明綜合現金流量表

		Unaudited six months ended 30 June 未經審核截至 六月三十日止六個月	
		2004 RMB'000 人民幣千元	2003 RMB'000 人民幣千元
Net cash inflow from operating activities	經營業務之現金流入淨額	(5,705)	1,523
Net cash outflow from investing activities	投資活動之現金流出淨額	(16,394)	(792)
Net cash outflow from financing activities	融資活動之現金流出淨額	1,273	(827)
Net increase (decrease) in cash and cash equivalents	現金及現金等價物 增加(減少)淨額	(20,826)	(96)
Cash and cash equivalents at beginning of the period	期初之現金及現金等價物	33,152	23,616
Cash and cash equivalents at end of the period	期終之現金及現金等價物	12,326	23,520

Consolidated Statement of Changes in Equity

綜合權益變動表

		Share capital	Share premium	Special reserve	Capital reserve	Statutory reserve	Statutory enterprise expansion fund	Accumulated profits	Total
		股本	股份溢價	特別儲備	資本儲備	法定儲備	法定企業發展基金	累計溢利	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2003	於二零零三年一月一日	8,402	(2,418)	-	6,622	1,998	5,181	17,529	37,314
Effect of Group Reorganisation	集團重組之影響	(6,039)	-	6,039	-	-	-	-	-
Capitalisation issue during the year	本年度資本化發行	26,257	(20,529)	-	(5,728)	-	-	-	-
Issue of shares on placing	因配售而發行股份	9,540	29,574	-	-	-	-	-	39,114
Expenses paid in connection with the issue of shares	有關發行股份之已付開支	-	(6,627)	-	-	-	-	-	(6,627)
Transfer	轉撥	-	-	-	-	933	933	(1,866)	-
Profit for the year	本年度溢利	-	-	-	-	-	-	20,360	20,360
At 31 December 2003	於二零零三年十二月三十一日	38,160	-	6,039	894	2,931	6,114	36,023	90,161
Dividend	股息	-	-	-	-	-	-	(1,908)	(1,908)
Contribution from minority shareholder	少數股東出資	-	-	-	7	-	-	-	7
Profit for the period	本年度溢利	-	-	-	-	-	-	4,378	4,378
At 30 June 2004	於二零零四年六月三十日	38,160	-	6,039	901	2,931	6,114	38,493	92,638

1. GROUP REORGANIZATION

The Company was incorporated in the Cayman Islands on 21 May 2002 as an exempted company with limited liability under the Companies Law (2002 Revision) of the Cayman Islands. Its shares have been listed on the GEM of the Stock Exchange since 10 July 2003 (the "Listing Date").

Pursuant to a group reorganization to rationalize the structure of the Group in preparation for the listing of the Company's shares on the GEM of the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 31 March 2003 (the "Group Reorganisation").

2 ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited condensed finance statements have been prepared in accordance with the Statements of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("HKSA") and the disclosure requirements set out in Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The accounting policies adopted are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2003.

The accounts have been prepared on a consolidated basis and include the financial statements of the Company and its subsidiaries. All inter-company transactions, balances and unrealized gains on transactions eliminated. The combined results for the six months ended 30 June 2003 were prepared as if the current group structure had been in existence throughout the period.

1. 集團重組

本公司根據開曼群島公司法(二零零二年修訂版)於二零零二年五月二十一日在開曼群島註冊成立為有限責任之豁免公司。其股份自二零零三年七月十日(「上市日」)起於聯交所之創業板上市。

根據本公司為籌備將其股份於聯交所創業板上市而精簡本集團架構所進行之集團重組，本公司於二零零三年三月三十一日成為現組成本集團各公司之控股公司(「集團重組」)。

2. 會計政策及呈報基準

未經審核簡明財務報表乃根據香港會計師公會(「會計師公會」)頒佈之會計實務準則(「會計實務準則」)第25號「中期財務報告」以及香港聯合交易所有限公司創業板證券上市規則第18章所載之披露規定編製。會計政策與編製本集團截至二零零三年十二月三十一日止年度之經審核綜合財務報表所採用者一致。

賬目乃按綜合基準編製，並載入本公司及其附屬公司之財務報表。所有集團內公司間之交易、交易之結餘及未變現收益均作抵銷。截至二零零三年六月三十日止之合併業績乃假設現時之集團架構於整段期間一直存在之方式編製。

Notes to the Financial Statements (continued)

財務報表附註(續)

3 TURNOVER AND REVENUE

The Group is principally engaged in the research, development and commercialization of drug products. Following the objective of increasing own product commercialization, there is only a modest growth in Technology Transfer revenue while there is a substantial increase in service income. Revenues recognized during the periods were as follows:

Turnover	營業額
- Transfer of technology for new drug and new drug development.	- 轉讓新藥技術及新藥開發
- Contracted pharmaceutical development and clinical research services associated with technology transfer	- 有關技術轉讓之已訂約藥物開發及臨床研究服務
- Contracted pharmaceutical development and clinical research services outsourced by customers	- 客戶外判之已訂約藥物開發及臨床研究服務
- Import registration services	- 進口註冊服務
- Net revenue from sales of drug products	- 銷售藥品收益淨額

3. 營業額及收益

本集團主要從事研究、開發及將藥品作商品化用途。為實現提高本身產品商品化目標，技術轉讓收益僅有溫和增長而服務收入則大幅增加。於有關期間確認之收益如下：

Unaudited three months ended 30 June 未經審核 截至六月三十日止三個月		Unaudited six months ended 30 June 未經審核 截至六月三十日止六個月	
2004	2003	2004	2003
RMB'000	RMB'000	RMB'000	RMB'000
人民幣千元	人民幣千元	人民幣千元	人民幣千元

2,718	6,150	3,068	6,150
4,151	2,806	6,198	4,606
1,190	320	2,470	327
380	-	380	-
451	-	451	-
8,890	9,276	12,567	11,083

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4 SEGMENT INFORMATION

No geographical segment analysis is presented as all assets and operations of the Group for the periods are located in the PRC.

No business segment analysis is presented as the operations of the Group for the periods are principally related to pharmaceutical research and development, registration, application and testing.

4. 分類資料

由於在本期間本集團所有資產及業務均位於中國，因此並無呈列地區分類分析。

由於在本期間本集團之業務主要為製藥研究及開發、註冊、申請及測試，故此並無呈列業務分類分析。

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging (crediting) the following items:

Depreciation	折舊
Less: amount capitalized in work-in-progress	減：在製品中已撥充資本之金額
Provision against the receivables	應收款項撥備
Amortization of intangible assets	無形資產攤銷
Interest income	利息收入

6 TAXATION

Company and subsidiaries	本公司及附屬公司
PRC income tax	中國所得稅

No Hong Kong Profits tax has been provided for, as the Group had no estimated assessable profits in Hong Kong for the six months ended 30 June 2004 (2003: nil). The Company's subsidiaries are subject to PRC income tax on their assessable profits.

7 DIVIDENDS

The board does not recommend the payment of an interim dividend for the six months ended 30 June 2004. (2003: Nil)

5. 除稅前溢利

除稅前溢利已扣除(計入)下列各項：

Unaudited three months ended 30 June 未經審核 截至六月三十日止三個月 2004 RMB'000 人民幣千元		Unaudited six months ended 30 June 未經審核 截至六月三十日止六個月 2004 RMB'000 人民幣千元	
	2003 RMB'000 人民幣千元		2003 RMB'000 人民幣千元
410	244	795	486
(351)	(200)	(691)	(404)
59	43	104	82
295	1,090	295	1,460
8	—	8	—
(619)	(44)	(1,273)	(90)

6. 稅項

Unaudited three months ended 30 June 未經審核 截至六月三十日止三個月 2004 RMB'000 人民幣千元		Unaudited six months ended 30 June 未經審核 截至六月三十日止六個月 2004 RMB'000 人民幣千元	
	2003 RMB'000 人民幣千元		2003 RMB'000 人民幣千元
340	502	377	702
340	502	377	702

由於本集團於截至二零零四年六月三十日止六個月在香港並無估計的應課稅溢利(二零零三年：無)，故並無就香港利得稅作出撥備。本公司之附屬公司須就應課稅溢利繳納中國所得稅。

7. 股息

董事會建議不派發截至二零零四年六月三十日止六個月之中期股息(二零零三年：無)。

8 EARNINGS PER SHARE

The calculation of basic earnings per share for the three and six months ended 30 June 2004 is based on the unaudited net profit of approximately RMB4,378,000 and RMB3,644,000 respectively (2003: approximately RMB4,256,000 and RMB4,204,000 respectively), and the weighted average number of approximately 360,000,000 ordinary shares in issue during the period (2003: 270,000,000).

The calculation of the diluted earnings per share for the three months and six months ended 30 June 2004 is based on the unaudited net profit of approximately RMB4,378,000 and RMB3,644,000 respectively (2003: approximately RMB4,256,000 and RMB4,204,000 respectively), and the weighted average of approximately 363,008,000 shares (2003: approximately 270,092,000) (after adjusting for the effect of the outstanding dilutive options under the share option schemes of the Company).

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment with a carrying value of RMB4,610,754 (2003: RMB881,926).

10. INVESTMENT IN ASSOCIATE

Zhejiang Dankong Venturepharm Co. Ltd., (浙江東港萬全醫藥化工有限公司) was incorporated in January 2004, with the Company investing approximately RMB2,235,000 in exchange of 45% shareholdings.

11. INVESTMENT IN UNLISTED EQUITY

19% of shares in Hainan Pioneer Pharmaceutical Co., Ltd., (海南先鋒制藥有限公司) were acquired in January 2004.

8. 每股盈利

截至二零零四年六月三十日止三個月及六個月之每股基本盈利乃分別根據未經審核純利約人民幣4,378,000元及人民幣3,644,000元(二零零三年:約人民幣4,256,000元及人民幣4,204,000元),以及期內之已發行普通股加權平均股數360,000,000股(二零零三年:270,000,000股)計算。

截至二零零四年六月三十日止三個月及六個月之每股攤薄盈利乃根據未經審核純利約人民幣4,378,000元及人民幣3,644,000元(二零零三年:約人民幣4,256,000元及人民幣4,204,000元)以及加權平均股數363,008,000股(二零零三年:約270,092,000股)(經對本公司購股權計劃未行使攤薄購股權之影響作出調整)計算。

9. 物業、廠房及設備

於本期間,本集團購置賬面值人民幣4,610,754元(二零零三年:人民幣881,926元)之物業、廠房及設備。

10. 於聯營公司之投資

浙江東港萬全醫藥化工有限公司於二零零四年一月註冊成立,本公司在當中投資約人民幣2,235,000元以取得45%股權。

11. 非上市股本投資

於二零零四年一月,本公司購入海南先鋒制藥有限公司19%股份。

12. INTANGIBLE ASSETS

The intangible assets of the Group represent capitalized development cost for drug products for own commercialization and it is amortised over its estimated useful life of 5 years.

13 TRADE RECEIVABLES

Details of the ageing analysis are as follows:

0 to 90 days	零至90日
91 to 180 days	91至180日
181 to 365 days	181至365日

14. CONNECTED AND RELATED PARTY TRANSACTIONS

Details of amounts due from related companies are as follows:

Sanmenxia Sinoway Pharmaceutical Co., Ltd ("Sinoway Pharmaceutical")	三門峽賽諾維製藥有限公司 〔賽諾維製藥〕
Venturepharm Inc. ("VP Inc.")	

Notes: (1) Both companies are the subsidiaries of the Company's shareholder.
(2) The amounts are unsecured, interest-free and repayable on demand.

12. 無形資產

本集團之無形資產為用作商品化之藥品之已資本化開發成本，會按其估計可用年期5年攤銷。

13. 應收貿易賬款

應收貿易賬款之賬齡分析如下：

Unaudited 30 June 2004 未經審核 於二零零四年 六月三十日 RMB'000 人民幣千元	Audited 31 December 2003 經審核 於二零零三年 十二月三十一日 RMB'000 人民幣千元
4,587	1,584
834	50
227	-
5,648	1,634

14. 關連及有關連人士交易

應收關連公司之款項詳情如下：

Unaudited 30 June 2004 未經審核 於二零零四年 六月三十日 RMB'000 人民幣千元	Audited 31 December 2003 經審核 於二零零三年 十二月三十一日 RMB'000 人民幣千元
720	990
1,820	1,661

附註：(1) 兩間公司均為本公司股東之附屬公司。
(2) 有關款項為無抵押、免息及按要求償還。

Notes to the Financial Statements (continued)

財務報表附註(續)

During the period, the Company had the following significant transactions with certain related parties which also deemed to be connected persons as defined by the Rules Governing the Listing of Securities on the GEM:

於本期間，本公司與若干有關連人士(該等人按創業板證券上市規則之定義亦被視為關連人士)進行下列重大交易：

Name of Connected party 關連人士名稱	Nature of the transaction 交易性質	Unaudited six months ended 30 June 未經審核截至 六月三十日止六個月	
		二零零四年 RMB'000 人民幣千元	二零零三年 RMB'000 人民幣千元
VP Inc.	Revenue – Contracted R&D, pharmaceutical application, registration and testing service 收益—已訂約研發、藥品申請、 註冊及測試服務	159	613

The above transactions were carried out in accordance with the terms agreed by both parties.

上述交易乃根據雙方協定之條款進行。

By Order of the Board

Guo Xia

Chairman

承董事會命

主席

郭夏

Beijing, the PRC, 11 August 2004

中國北京，二零零四年八月十一日

